

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 EB-08
COME-00 TRSE-00 OPIC-03 XMB-02 AID-05 FEAE-00
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FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 2126

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E.O.11652: N/A
TAGS: BEXP, ENRG, IR
SUBJ: OIL BARTER: STATUS OF BUDD COMPANY-GOI TALKS ON SUPPLY
OF RAILWAY PASSENGER CARS

REF: STATE 15611

1. ECONOMIC/COMMERCIAL COUNSELOR SPOKE ON APRIL 14 WITH OFFICIALS (J.P. DOANE, TREASURER; J.L. DE PEDROSO, VICE PRESIDENT; AND CARLOS S. KAKOURIS, CONSULTANT) OF THE BUDD COMPANY, TROY, MICHIGAN, CONCERNING COMPANY'S WISH TO SELL 190 RAILWAY PASSENGER CARS VALUED AT (WITH SPARES) \$130 MILLION FOR OIL BARTER. BUDD COMPANY OFFICIALS SAID THAT COMPANY HAS FOUND A U.S. FIRM WILLING TO TAKE IRANIAN CRUDE IN THE TRANSACTION. FIRM IS COKE INDUSTRIES OF WICHITA, KANSAS, A LARGE DIVERSIFIED COMPANY WHICH HAS ITS OWN OIL REFINERY IN MINN. ACCORDING TO BUDD COMPANY REPS, BOTH MINISTER ANSARY OF MEAF AND PARVIS MINA, DIRECTOR, NOIC, HAVE APPROVED COKE INDUSTRIES' PARTICIPATION IN THE DEAL. COKE INDUSTRIES WILL RECEIVE "FINANCIAL INDUCEMENT" FROM BUDD COMPANY FOR INVOLVING ITSELF IN THE TRANSACTION, BUT BUDD COMPANY REPS DECLINED TO REVEAL MAGNITUDE OF THIS INDUCEMENT. COKE INDUSTRIES REPORTEDLY PERFECTLY SATISFIED AT 50-50 PERCENT HEAVY/LIGHT SPLIT ON CRUDE AND MIGHT EVEN BE WILLING TO TAKE LARGER QUANTITIES OF HEAVY. BUDD COMPANY REPS HAD APPOINTMENT APRIL 16 WITH EXPORT DEPARTMENT OF NIOC TO

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DISCUSS FURTHER DETAILS OF PURCHASE CONTRACT BETWEEN COKE INDUSTRIES AND NIOC. QUANTITIES OF IRANIAN CRUDE CONTEMPLATED TO COVER TOTAL COSTS OF PASSENGER CARS IS 30,000 BBLs PER DAY FOR ABOUT ONE YEAR.

2. PRINCIPAL PROBLEM FACING BUDD COMPANY IS TO NAIL DOWN CONTRACT WITH MINISTRY OF ROADS FOR SUPPLY OF PASSENGER CARS.

AT LEAST ONE FRENCH SUPPLIR OF CARS IS STILL VERY MUCH IN THE
FUNNING AND BUDD HAS NOT YET BEEN TOLD OFFICIALLY THAT IT WILL
GET THE CONTRACT. MINISTER ANSARY HAS TOLD BUDD COMPANY THAT
IF BUDD WINS THE CONTRACT AND NIOC IS SATISFIED WITH TERMS
OF PURCHASE CONTRACT WITH COKE INDUSTRIES, THEN PAYMENT
TO BUDD COMPANY CAN BE EASILY WORKED OUT ON THE GOI SIDE.
MODALITIES IN THIS RESPECT, HOWEVER, STILL NEED TO BE IRONED
OUT. BUDD COMPANY REPS FEEL THAT IF NIOC/COKE INDUSTRIES
CONTRACT CONTAINS PROVISION MAKING CONTRACT OPERATIVE ONLY
RPT ONLY UPON SIGNING OF CONTRACT BETWEEN MINISTRY OF ROADS
AND BUDD, THEN BUDD CAN BE REASONABLY CERTAIN OF BEING PAID.

3. EMBASSY WILL KEEP DEPARTMENT INFORMED OF FURTHER DETAILS.
MIKLOS

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Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 18-Apr-1977 12:00:00 am
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Disposition Approved on Date:
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